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Unlike Mother Hubbard, America's Resource Cupboard Is Not Bare

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THE GROWING U.S. dependence on foreign supplies of minerals is receiving much deserved attention from the Reagan Administration. Manganese, chromium, cobalt and a few other minerals are virtually indispensable in certain industrial processes, yet we must import almost all that we consume. Dependence on foreign sources, however, is not the same thing as vulnerability. The United States is not as vulnerable to blackmail in strategic minerals as is often portrayed.

The degree of our vulnerability is worth examining as we pass judgment on the kind of measures that are being proposed today: hundreds of millions of dollars for stockpiling; tax incentives; changes in federal land policy; depreciation allowances to encourage exploration at home; changes in ecological standards for manufacturing, and adjustments to our foreign policy with respect to nations that are vital sources of supply.

We should, indeed, examine such options, but we need not do so with a sense of near panic. Our common heritage of protected wilderness areas and federal lands is at stake, as well as decades of careful planning to preserve them. Our relations with nations large and small that have been dependable suppliers of minerals for many years are also at issue. We should take time to develop a sensible minerals policy that will meet the Administration's objectives without affecting adversely either our environment or international relations. Here are some of the facts:

The world is not running out of natural resources. Proved reserves, which are most often used in forecasts of scarcity, ignore the almost daily discovery of new reserves of most resources. As the need increases, private incentive to find and develop new reserves increases also. The Bureau of Mines, for example, has reported that proved world reserves of chromite, which is essential to the metals industry and 100% of which is imported, have increased by 248% in the last decade alone. Similarly with manganese, 98% of which is imported and for which there are no practical substitutes in the production of iron and steel, there are over 200 years' worth of land reserves of manganese at current use levels, as well as extensive untapped ocean-floor deposits. The best analytical data indicates that there will be plenty of minerals available for all known uses into the next century.

Demand is not constant. The advance of technology increases the use of some minerals while lessening the use of others, making yesterday's scarcity tomorrow's glut. A study in 1974 by Arthur D. Little for the Navy, "Dependence of the United States in Essential Imported Materials to the Year 2000," said, "The United States

has the resources necessary to obtain self-sufficiency in most essential materials... even for those few minerals which may not be in adequate supply, substitute materials and technological development of new production processes are expected to fill the gap." Some minerals are virtually interchangeable in their industrial applications, such as gold and platinum, nickel and cobalt. The use of the one rather than the other is largely controlled by the marketplace.

Embargoes are unlikely. Numerous studies have pointed out the unlikelihood of sustained deliberate embargoes. The Organization of Petroleum Exporting Countries, of course, did embargo oil in 1973, but no combination of mineral-supplying countries seems likely to be able to develop as a similar cartel. One reason is that embargoes generally don't make economic sense, especially for developing nations. It is in their interest to sell regularly and at the best price. This may be their sole source of foreign exchange. In fact, as supplier nations become accustomed to having this source of foreign exchange, their appetites grow and they usually try to increase production and exports. Basically, though, there are just too many alternative suppliers in the field of minerals.

Manipulation of prices is unlikely. The real damage OPEC has done was not from the 1973 embargo, but from the price increases in 1974 and 1979. With minerals there is no such leverage available to a potential cartel.

The United States has large untapped reserves, as well as respectable stockpiles of most minerals. Economics and politics are the major reasons why U.S. reserves have not been developed. For example, the boundaries of a cobalt mine in Idaho were redrawn outside of public lands so that its potential could be tapped, but its owners chose not to open the mine because it is cheaper to import cobalt from Africa.

Large reserves of cobalt as well as manganese exist in deep seabed nodules which the United States may be the only nation technologically able to mine. Political and economic considerations alone make this unlikely before the end of the century.

Our dependence on imported metals and minerals is modest compared with our allies—less than 20% of total consumption versus 75% and 90% for Europe and Japan. Nevertheless, it has been steadily increasing for the past decade. It is important, if not to reverse this trend, to ensure that our growing dependencies do not undermine our capability to safeguard independently our interests worldwide. The Reagan Administration should be applauded for tackling a problem that usually demands attention only after it is too late. Let's hope it also has the good sense and prudence to balance America's other long-term interests against its zeal for action.

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